

CAFR

**BASIC
STATEMENTS**

STATEMENT OF NET ASSETS
DECEMBER 31, 2007
(IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$ 841,775	\$ 770,727	\$ 1,612,502	\$ 266,125
Investments	3,435	-	3,435	23,506
Receivables, net	193,600	150,198	343,798	115,808
Due from primary government	-	-	-	1,381
Internal balances	15,697	(15,697)	-	-
Inventories	1,854	20,261	22,115	5,413
Prepayments and other assets	14,364	2,564	16,928	1,612
Capital assets				
Land	735,884	331,984	1,067,868	40,084
Infrastructure	927,868	-	927,868	-
Buildings	755,015	1,073,609	1,828,624	678,909
Improvements other than buildings	20,991	2,067,154	2,088,145	25,446
Furniture, machinery and equipment	225,066	1,418,964	1,644,030	280,069
Accumulated depreciation	(363,980)	(2,138,716)	(2,502,696)	(381,735)
Work in progress	115,593	1,370,277	1,485,870	163,396
Deferred charges	9,865	20,423	30,288	-
Deposits with other governments	-	-	-	600
Prepaid rent	-	3,222	3,222	-
Other assets	-	-	-	12,735
TOTAL ASSETS	3,497,027	5,074,970	8,571,997	1,233,349
LIABILITIES				
Accounts payable and other current liabilities	103,550	78,134	181,684	60,462
Due to component unit	1,381	-	1,381	-
Accrued liabilities	37,646	70,931	108,577	32,376
Notes payable	44,268	100,000	144,268	-
Unearned revenues	35,274	43,358	78,632	6,243
Noncurrent liabilities				
Due within one year	178,568	64,043	242,611	3,940
Due in more than one year	1,297,190	2,594,421	3,891,611	60,049
TOTAL LIABILITIES	1,697,877	2,950,887	4,648,764	163,070
NET ASSETS				
Invested in capital assets, net of related debt	1,762,158	1,551,017	3,313,175	751,621
Restricted for:				
Capital projects	168,095	370,582	538,677	-
Debt service	72,048	43,444	115,492	-
General government	15,960	-	15,960	-
Law, safety and justice	50,884	-	50,884	-
Physical environment	1,949	-	1,949	-
Economic environment	49,923	-	49,923	-
Mental and physical health	29,231	-	29,231	-
Culture and recreation	6,842	-	6,842	-
Litigation	-	5,092	5,092	-
Expendable	-	-	-	103,356
Nonexpendable	-	-	-	21,025
Unrestricted	(357,940)	153,948	(203,992)	194,277
TOTAL NET ASSETS	\$ 1,799,150	\$ 2,124,083	\$ 3,923,233	\$ 1,070,279

The notes to the financial statements are an integral part of this statement.

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Units Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General government	\$ 160,274	\$ (64,410)	\$ 65,440	\$ 4,010	\$ 1,010	\$ (25,404)	\$	\$ (25,404)	\$
Law, safety & justice	512,342	32,496	125,103	33,675	-	(386,060)		(386,060)	
Physical environment	62,274	1,052	44,564	2,033	5,406	(11,323)		(11,323)	
Transportation	105,091	2,380	17,003	18,100	76,403	4,035		4,035	
Economic environment	92,783	1,772	48,586	21,635	-	(24,334)		(24,334)	
Mental & physical health	375,033	6,253	226,341	95,420	-	(59,525)		(59,525)	
Culture & recreation	49,435	665	7,264	608	89	(42,139)		(42,139)	
Interest and other debt service costs	53,299	-	4,864	4,734	-	(43,701)		(43,701)	
Total governmental activities	1,410,531	(19,792)	539,165	180,215	82,908	(588,451)		(588,451)	
Business-type activities:									
Airport	14,276	344	13,921	-	2,533		1,834	1,834	
Public Transportation	574,091	14,143	160,231	55,771	11,431		(360,801)	(360,801)	
Solid Waste	113,922	2,330	93,376	-	690		(22,186)	(22,186)	
Water Quality	239,906	2,902	264,440	-	1,164		22,796	22,796	
Institutional Network	4,160	50	3,060	-	17		(1,133)	(1,133)	
Radio Communications Services	3,792	23	3,763	-	11		(41)	(41)	
Total business-type activities	950,147	19,792	538,791	55,771	15,846	-	(359,531)	(359,531)	
Total primary government	\$ 2,360,678	\$ -	\$ 1,077,956	\$ 235,986	\$ 98,754	(588,451)	(359,531)	(947,982)	
Component units	\$ 592,953		\$ 565,676	\$ 24,095	\$ 9,606				6,424
General revenues									
Property taxes						499,339	-	499,339	-
Retail sales and use taxes						164,804	442,042	606,846	-
Business and other taxes						53,745	-	53,745	-
Penalties and interest - delinquent taxes						15,611	-	15,611	-
Interest earnings						36,348	22,718	59,066	12,167
Transfers						1,200	(1,200)	-	-
Total general revenues and transfers						771,047	463,560	1,234,607	12,167
Change in net assets						182,596	104,029	286,625	18,591
Net assets - January 1, 2007 (Restated)						1,616,554	2,020,054	3,636,608	1,051,688
Net assets - December 31, 2007						\$ 1,799,150	\$ 2,124,083	\$ 3,923,233	\$ 1,070,279

The notes to the financial statements are an integral part of this statement.

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007
(IN THOUSANDS)**

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 86,877	\$ 4,915	\$ 392,759	\$ 484,551
Taxes receivable - delinquent	5,789	-	6,344	12,133
Accounts receivable, net	8,431	2,116	22,855	33,402
Other receivables, net	-	-	372	372
Interest receivable	26,150	-	-	26,150
Due from other funds	9,921	2,253	30,987	43,161
Interfund short-term loans receivable	4,475	-	-	4,475
Due from other governments, net	42,966	19,689	46,995	109,650
Inventory of supplies	-	425	-	425
Prepayments	-	-	5,808	5,808
Advances to other funds	3,800	-	-	3,800
TOTAL ASSETS	\$ 188,409	\$ 29,398	\$ 506,120	\$ 723,927
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 8,400	\$ 16,247	\$ 33,942	\$ 58,589
Due to other funds	8,079	175	31,837	40,091
Interfund short-term loans payable	-	-	2,846	2,846
Due to other governments	3,086	-	4,700	7,786
Due to component unit	-	-	1,381	1,381
Interest payable	-	-	2,122	2,122
Wages payable	14,388	4,230	6,494	25,112
Taxes payable	200	-	51	251
Bonds payable	-	-	2,925	2,925
Deferred revenues	11,706	571	39,260	51,537
Notes and contracts payable	-	-	44,268	44,268
Custodial accounts	1,002	1,810	10,986	13,798
Advances from other funds	900	-	346	1,246
Total liabilities	47,761	23,033	181,158	251,952
Fund balances				
Reserved	27,346	776	100,269	128,391
Unreserved				
Designated, reported in				
General Fund	23,319			23,319
Public Health Fund		4,278		4,278
Special Revenue Funds			32,851	32,851
Undesignated, reported in				
General Fund	89,983			89,983
Public Health Fund		1,311		1,311
Special Revenue Funds			83,230	83,230
Debt Service Funds			27,666	27,666
Capital Projects Funds			80,946	80,946
Total fund balances	140,648	6,365	324,962	471,975
TOTAL LIABILITIES AND FUND BALANCES	\$ 188,409	\$ 29,398	\$ 506,120	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	2,139,820
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	27,561
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net assets.	72,181
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(912,387)
Net assets of governmental activities	\$ 1,799,150

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes				
Property taxes	\$ 250,348	\$ -	\$ 248,924	\$ 499,272
Retail sales and use taxes	106,142	-	58,662	164,804
Business and other taxes	13,681	-	40,064	53,745
Penalties and interest - delinquent taxes	15,611	-	-	15,611
Licenses and permits	7,133	12,077	11,655	30,865
Intergovernmental revenues	86,468	119,347	247,762	453,577
Charges for services	110,413	11,502	121,990	243,905
Fines and forfeits	9,292	-	324	9,616
Interest earnings	17,706	-	11,359	29,065
Miscellaneous revenues	15,198	2,979	39,327	57,504
TOTAL REVENUES	631,992	145,905	780,067	1,557,964
EXPENDITURES				
Current				
General government	101,872	-	55,879	157,751
Law, safety and justice	418,973	-	77,403	496,376
Physical environment	4,104	-	59,820	63,924
Transportation	-	-	106,396	106,396
Economic environment	17,012	-	77,175	94,187
Mental and physical health	24,009	176,815	180,993	381,817
Culture and recreation	-	-	47,512	47,512
Debt Service				
Principal	-	111	87,084	87,195
Interest and other debt service costs	-	53	42,017	42,070
Refunding bond issuance costs	-	-	405	405
Payment to escrow agent	-	-	12,000	12,000
Capital outlay	2,396	863	70,876	74,135
TOTAL EXPENDITURES	568,366	177,842	817,560	1,563,768
Excess (deficiency) of revenues over (under) expenditures	63,626	(31,937)	(37,493)	(5,804)
OTHER FINANCING SOURCES (USES)				
Transfers in	72	29,534	148,580	178,186
Transfers out	(67,384)	(192)	(107,487)	(175,063)
General government debt issued	-	-	48,395	48,395
Premium on bonds sold	-	-	3,890	3,890
Refunding bonds issued	-	-	54,565	54,565
Sale of capital assets	570	1,221	2,757	4,548
Payment to refunded bond escrow agent	-	-	(57,133)	(57,133)
TOTAL OTHER FINANCING SOURCES (USES)	(66,742)	30,563	93,567	57,388
Net changes in fund balances	(3,116)	(1,374)	56,074	51,584
Fund balances - January 1, 2007 (Restated) ^(a)	143,764	7,739	268,888	420,391
Fund balances - December 31, 2007	\$ 140,648	\$ 6,365	\$ 324,962	\$ 471,975

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 51,584
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	46,866
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net assets.	40,014
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	302
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	49,137
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(6,820)
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	1,513
Change in net assets of governmental activities	<u><u>\$ 182,596</u></u>

The notes to the financial statements are an integral part of this statement.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes				
Property taxes	\$ 266,139	\$ 266,139	\$ 250,348	\$ (15,791)
Retail sales and use taxes	99,172	99,172	106,142	6,970
Business and other taxes	7,493	7,493	13,681	6,188
Penalties and interest - delinquent taxes	13,426	13,426	15,611	2,185
Licenses and permits	7,357	7,357	7,133	(224)
Intergovernmental revenues	81,544	81,544	86,468	4,924
Charges for services	103,719	103,719	110,413	6,694
Fines and forfeits	7,157	7,157	9,292	2,135
Interest earnings	24,436	24,436	20,601	(3,835)
Miscellaneous revenues	18,717	18,717	15,138	(3,579)
Sale of capital assets	70	70	570	500
Transfers in	16,718	16,718	22,976	6,258
TOTAL REVENUES	645,948	645,948	658,373	12,425
EXPENDITURES				
Current				
General government services	104,828	108,091	103,716	4,375
Law, safety and justice	418,457	424,628	421,180	3,448
Physical environment	3,981	3,983	4,104	(121)
Economic environment	19,498	23,127	22,759	368
Mental and physical health	25,262	25,366	24,009	1,357
Debt service				
Principal	34	34	-	34
Interest and other debt service costs	3	3	-	3
Capital outlay	3,354	3,505	2,728	777
Transfers out	85,457	96,433	90,638	5,795
TOTAL EXPENDITURES	660,874	685,170	669,134	16,036
Deficiency of revenues under expenditures (budgetary basis)	\$ (14,926)	\$ (39,222)	(10,761)	\$ 28,461
Adjustment from budgetary basis to GAAP basis			7,645 (a)	
Net change in fund balance			(3,116)	
Fund balance – January 1, 2007			143,764	
Fund balance – December 31, 2007			\$ 140,648	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Recognition of unrealized loss on investments on a GAAP basis			\$ (2,895)	
Reclassification of donations from a fiduciary fund, revenue on a GAAP basis			60	
Budgeted intrafund transfers in, eliminated on a GAAP basis			(22,954)	
Non-budgeted transfer in			50	
Adjustments to expenditures				
Encumbrances, not included in GAAP basis expenditures			10,130	
Budgeted transfers out reported as a reduction of advance on a GAAP basis			300	
Budgeted intrafund transfers out, eliminated on a GAAP basis			22,954	
Adjustment from budgetary basis to GAAP basis			\$ 7,645	

The notes to the financial statements are an integral part of this statement.

PUBLIC HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Licenses and permits	\$ 12,235	\$ 12,314	\$ 12,077	\$ (237)
Intergovernmental revenues	123,897	131,171	119,347	(11,824)
Charges for services	12,796	11,933	11,502	(431)
Miscellaneous revenues	8,908	6,382	3,112	(3,270)
Transfers in	26,861	29,534	29,534	-
Sale of capital assets	-	-	1,221	1,221
Total revenues	<u>184,697</u>	<u>191,334</u>	<u>176,793</u>	<u>(14,541)</u>
EXPENDITURES				
Current				
Mental and physical health	183,567	190,040	176,915	13,125
Debt service				
Principal	-	-	155	(155)
Interest and other debt service costs	-	-	53	(53)
Capital outlay	1,489	1,568	1,009	559
Transfers out	517	192	192	-
Total expenditures	<u>185,573</u>	<u>191,800</u>	<u>178,324</u>	<u>13,476</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (876)</u>	<u>\$ (466)</u>	(1,531)	<u>\$ (1,065)</u>
Adjustment from budgetary basis to GAAP basis			157 ^(a)	
Net change in fund balance			(1,374)	
Fund balance – January 1, 2007			<u>7,739</u>	
Fund balance – December 31, 2007			<u>\$ 6,365</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Nonbudgeted proceeds from Emergency Medical Service – donations			\$ (133)	
Encumbrances not included in GAAP basis expenditures			290	
Adjustment from budgetary basis to GAAP basis			<u>\$ 157</u>	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007
(IN THOUSANDS)
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current assets					
Cash and cash equivalents	\$ 94,410	\$ 34,820	\$ 75,050	\$ 204,280	\$ 188,834
Restricted cash and cash equivalents	17,710	83,348	993	102,051	126,127
Investments	-	-	-	-	3,141
Accounts receivable	10,103	20,721	7,381	38,205	790
Estimated uncollectible accounts receivable	(83)	-	(59)	(142)	(5)
Due from other funds	1,045	3,210	729	4,984	4,412
Due from other governments, net	77,196	-	803	77,999	422
Inventory of supplies	13,746	5,249	1,259	20,254	1,436
Prepayments and other assets	292	108	-	400	9,073
Total current assets	214,419	147,456	86,156	448,031	334,230
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	246,268	131,547	81,005	458,820	47,839
Accounts receivable	2,166	413	25	2,604	-
Due from other funds	24,499	-	-	24,499	-
Due from other governments	29,478	-	508	29,986	-
Assessments receivable	1,546	-	-	1,546	-
Advances to other funds	946	-	-	946	-
Notes receivable and other assets	1,824	-	-	1,824	-
Total restricted assets	306,727	131,960	81,538	520,225	47,839
Capital assets					
Land	140,010	149,997	41,977	331,984	20,395
Buildings	297,451	715,076	61,082	1,073,609	195,788
Improvements other than buildings	617,784	1,287,118	162,252	2,067,154	2,509
Furniture, machinery and equipment	808,884	514,924	82,764	1,406,572	96,164
Accumulated depreciation	(931,572)	(1,008,311)	(189,700)	(2,129,583)	(80,598)
Work in progress	208,682	1,084,606	76,989	1,370,277	45,618
Total capital assets	1,141,239	2,743,410	235,364	4,120,013	279,876
Other noncurrent					
Prepayments	3,222	-	-	3,222	-
Deferred charges	959	19,037	427	20,423	5,770
Other assets	340	-	-	340	-
Total other noncurrent	4,521	19,037	427	23,985	5,770
Total noncurrent assets	1,452,487	2,894,407	317,329	4,664,223	333,485
TOTAL ASSETS	1,666,906	3,041,863	403,485	5,112,254	667,715

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007
 (IN THOUSANDS)
 (PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
LIABILITIES					
Current liabilities					
Accounts payable	\$ 29,388	\$ 39,314	\$ 8,759	\$ 77,461	\$ 8,543
Claims and judgments payable	2,768	-	-	2,768	-
Estimated claim settlements	-	-	-	-	87,185
Due to other funds	24,465	5,011	3,757	33,233	3,732
Interest payable	644	50,753	407	51,804	1,699
Interfund short-term loans payable	-	-	-	-	1,629
Wages payable	12,204	2,568	1,587	16,359	2,890
Compensated absences payable	6,320	518	194	7,032	553
Taxes payable	78	-	193	271	43
Unearned revenues	18,555	-	2,053	20,608	836
Revenue bonds payable	-	26,315	-	26,315	5,895
General obligation bonds payable	7,405	6,270	4,360	18,035	170
Assessments payable	-	-	-	-	15
Capital leases payable	81	-	-	81	-
State revolving loan payable	-	6,580	-	6,580	-
Notes payable	-	100,000	-	100,000	-
Landfill closure and post-closure care liability	-	-	6,000	6,000	-
Other liabilities	-	-	361	361	14,671
Total current liabilities	101,908	237,329	27,671	366,908	127,861
Noncurrent liabilities					
Rate stabilization reserve	-	22,750	-	22,750	-
Compensated absences payable	35,594	8,427	3,902	47,923	9,599
Other postemployment benefits	863	134	109	1,106	202
Advances from other funds	3,500	-	-	3,500	-
General obligation bonds payable	143,995	444,270	57,121	645,386	420
Revenue bonds payable	-	1,697,905	-	1,697,905	408,640
Deferred bond discount/refunding losses	653	(31,348)	2,116	(28,579)	-
Capital leases payable	3,453	-	-	3,453	-
Assessments payable	-	-	-	-	44
State revolving loans payable	-	111,944	-	111,944	-
Landfill closure and post-closure care liability	-	-	100,816	100,816	-
Estimated claim settlements	-	-	-	-	49,360
Environmental remediation	50	11,793	2,624	14,467	-
Total noncurrent liabilities	188,108	2,265,875	166,688	2,620,671	468,265
TOTAL LIABILITIES	290,016	2,503,204	194,359	2,987,579	596,126
NET ASSETS					
Invested in capital assets, net of related debt	986,611	389,380	171,767	1,547,758	14,623
Restricted for:					
Capital projects	298,722	59,515	12,345	370,582	5,865
Debt service	10,849	32,595	-	43,444	26,817
Litigation	-	5,092	-	5,092	-
Unrestricted	80,708	52,077	25,014	157,799	24,284
TOTAL NET ASSETS	\$ 1,376,890	\$ 538,659	\$ 209,126	2,124,675	\$ 71,589
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(592)	
Net assets of business-type activities				\$ 2,124,083	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
I-Net fees	\$ -	\$ -	\$ 3,060	\$ 3,060	\$ -
Radio services	-	-	3,763	3,763	-
Solid waste disposal charges	-	-	89,265	89,265	-
Airfield fees	-	-	3,094	3,094	-
Hangar, building, and site rentals and leases	-	-	9,367	9,367	-
Reimbursement for services to tenants	-	-	1,442	1,442	-
Passenger	124,231	-	-	124,231	-
Special service contracts	3,456	-	-	3,456	-
Sewage disposal fees	-	227,665	-	227,665	-
Other service revenues	26,721	35,265	13	61,999	387,058
Total operating revenues	154,408	262,930	110,004	527,342	387,058
OPERATING EXPENSES					
Personal services	334,814	37,177	43,927	415,918	79,611
Materials and supplies	55,100	8,867	8,423	72,390	10,648
Contract services and other charges	18,391	11,344	26,446	56,181	253,607
Utilities	4,549	9,475	3,445	17,469	-
Purchased transportation	43,274	-	-	43,274	-
Internal services	50,524	28,711	12,985	92,220	21,036
Landfill closure and post-closure care	-	-	18,918	18,918	-
Depreciation	82,113	74,781	17,874	174,768	11,672
Total operating expenses	588,765	170,355	132,018	891,138	376,574
OPERATING INCOME (LOSS)	(434,357)	92,575	(22,014)	(363,796)	10,484
NONOPERATING REVENUES					
Sales tax	442,042	-	-	442,042	-
Intergovernmental	55,771	-	-	55,771	-
Interest earnings	10,627	6,853	5,085	22,565	7,436
DNR administration	-	-	2,894	2,894	-
Rental income	-	-	564	564	-
Gain on disposal of capital assets	5,823	677	54	6,554	1,016
Miscellaneous	-	593	400	993	-
Total nonoperating revenues	514,263	8,123	8,997	531,383	8,452
NONOPERATING EXPENSES					
Interest	2,895	72,526	1,983	77,404	10,377
DNR administration	-	-	3,396	3,396	-
Miscellaneous	85	-	2,138	2,223	-
Total nonoperating expenses	2,980	72,526	7,517	83,023	10,377
Income (loss) before contributions and transfers	76,926	28,172	(20,534)	84,564	8,559
Capital grants and contributions	11,431	1,164	3,430	16,025	1,904
Transfers in	-	-	-	-	1,620
Transfers out	(751)	(161)	(416)	(1,328)	(5,802)
CHANGE IN NET ASSETS	87,606	29,175	(17,520)	99,261	6,281
NET ASSETS - JANUARY 1, 2007	1,289,284	509,484	226,646		65,308
NET ASSETS - DECEMBER 31, 2007	\$ 1,376,890	\$ 538,659	\$ 209,126		\$ 71,589

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds 4,768
Change in net assets of business-type activities \$ 104,029

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
 (IN THOUSANDS)
 (PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 156,247	\$ 272,723	\$ 109,152	\$ 538,122	\$ 394,210
Cash payments to suppliers for goods and services	(167,244)	(52,455)	(51,864)	(271,563)	(276,843)
Cash payments for employee services	(331,268)	(37,145)	(43,529)	(411,942)	(78,972)
Other receipts	-	-	3,858	3,858	2,839
Other payments	-	-	(4,717)	(4,717)	-
Net cash provided (used) by operating activities	<u>(342,265)</u>	<u>183,123</u>	<u>12,900</u>	<u>(146,242)</u>	<u>41,234</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	519,224	-	-	519,224	-
Advances to other funds	452	-	-	452	-
Interest paid on short-term loans	-	(44)	-	(44)	(75)
Interfund loan principal	-	-	-	-	642
Transfers in	-	-	-	-	1,620
Transfers out	(751)	(161)	(416)	(1,328)	(4,866)
Net cash provided (used) by noncapital financing activities	<u>518,925</u>	<u>(205)</u>	<u>(416)</u>	<u>518,304</u>	<u>(2,679)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(65,757)	(343,423)	(43,776)	(452,956)	(84,152)
Principal paid on general obligation bonds	(7,095)	(6,005)	(6,497)	(19,597)	(315)
Proceeds from new revenue bond issue	-	250,000	40,635	290,635	252,120
Interest paid on general obligation bonds	(8,235)	(25,204)	(1,676)	(35,115)	(39)
Assessment principal and interest paid	-	-	-	-	(21)
Principal paid on revenue bonds	-	(24,885)	-	(24,885)	(70,370)
Interest paid on revenue bonds	-	(69,867)	-	(69,867)	(9,987)
Principal paid on capital leases	(77)	-	-	(77)	-
Interest paid on capital leases	(178)	-	-	(178)	-
Assessment principal, interest, and penalties received	323	-	-	323	-
Proceeds from notes payable	-	50,000	-	-	-
Interest paid on notes payable	-	(3,451)	-	(3,451)	-
Principal paid on state loans	-	(5,472)	-	(5,472)	-
Interest paid on state loans	-	(1,773)	-	(1,773)	-
Proceeds from new state loans	-	5,374	-	5,374	-
Capital grants and contributions	2,768	1,164	3,223	7,155	-
Deferred costs	-	9,596	(2,741)	6,855	(1,717)
Proceeds from disposal of capital assets	11,066	-	262	11,328	757
Net cash provided (used) by capital and related financing activities	<u>(67,185)</u>	<u>(163,946)</u>	<u>(10,570)</u>	<u>(241,701)</u>	<u>86,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease in pooled reverse repurchase agreements	(9,825)	(9,828)	(5,831)	(25,484)	(5,537)
Interest on investments (including unrealized gains/losses reported as cash and cash equivalents)	10,628	6,853	5,085	22,566	7,491
Purchase of investments	-	-	-	-	(3,141)
Net cash provided (used) by investing activities	<u>803</u>	<u>(2,975)</u>	<u>(746)</u>	<u>(2,918)</u>	<u>(1,187)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	110,278	15,997	1,168	127,443	123,644
CASH AND CASH EQUIVALENTS – JANUARY 1, 2007	248,110	233,718	155,880	637,708	239,156
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2007	<u>\$ 358,388</u>	<u>\$ 249,715</u>	<u>\$ 157,048</u>	<u>\$ 765,151</u>	<u>\$ 362,800</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (434,357)	\$ 92,575	\$ (22,014)	\$ (363,796)	\$ 10,484
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	82,113	74,781	17,874	174,768	11,672
Landfill closure and post-closure care	-	-	18,918	18,918	-
Other nonoperating revenue/expense	-	-	(1,668)	(1,668)	-
Changes in assets - (increase) decrease					
Accounts receivable, net	(296)	1,469	(798)	375	(193)
Due from other funds	(25,544)	-	358	(25,186)	2,987
Due from other governments, net	(1,103)	-	(361)	(1,464)	(96)
Inventory of supplies	490	(258)	(137)	95	(152)
Prepayments	(2,171)	-	2	(2,169)	541
Changes in liabilities - increase (decrease)					
Accounts payable	8,475	7,968	482	16,925	(4,780)
Due to other funds	23,377	(1,767)	(69)	21,541	88
Rate Stabilization	-	8,250	-	8,250	-
Wages payable	1,455	105	176	1,736	247
Taxes payable	(34)	-	16	(18)	6
Unearned revenues	3,256	-	(50)	3,206	186
Claims and judgments payable	886	-	-	886	-
Estimated claim settlements	-	-	-	-	19,796
Compensated absences	325	-	113	438	190
Other postemployment benefits	863	-	109	972	202
Customer deposits and other liabilities	-	-	(51)	(51)	56
Total adjustments	92,092	90,548	34,914	217,554	30,750
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (342,265)	\$ 183,123	\$ 12,900	\$ (146,242)	\$ 41,234
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from government	\$ 346	\$ 296	\$ 207	\$ 849	\$ 1,904

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2007
(IN THOUSANDS)

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 137,083
Assets held in trust - external investment pool	-	2,427,218
Investments	2,469,071	7,920
Assets held in trust - individual investment accounts	-	50,983
Taxes receivable - delinquent	-	57,220
Accounts receivable	-	3,603
Interest receivable	9,685	-
Assessments receivable	-	9,175
Notes and contracts receivable	-	65
TOTAL ASSETS	<u>2,478,756</u>	<u>\$ 2,693,267</u>
LIABILITIES		
Warrants payable	-	\$ 83,535
Accounts payable	-	9,344
Wages payable	-	4,166
Custodial accounts - County agencies	-	75,789
Due to special districts/other governments	-	2,520,433
TOTAL LIABILITIES	<u>-</u>	<u>\$ 2,693,267</u>
NET ASSETS		
Held in trust for pool/individual investment account participants	<u>\$ 2,478,756</u>	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ 6,586,848
Net investment earnings (losses)	
Interest	110,433
Decrease in the fair value of investments	<u>(34,777)</u>
TOTAL ADDITIONS	6,662,504
DEDUCTIONS	
Distributions	<u>6,160,611</u>
Change in net assets	501,893
Net assets - January 1, 2007	<u>1,976,863</u>
Net assets - December 31, 2007	<u><u>\$ 2,478,756</u></u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2007
(IN THOUSANDS)

	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
ASSETS				
Cash and cash equivalents	\$ 241,119	\$ 11,415	\$ 13,591	\$ 266,125
Investments	-	-	23,506	23,506
Receivables, net	115,018	120	670	115,808
Due from primary government	-	-	1,381	1,381
Inventories	5,413	-	-	5,413
Prepayments	1,612	-	-	1,612
Capital assets				
Land	1,586	38,498	-	40,084
Buildings	189,051	489,858	-	678,909
Improvements other than buildings	1,626	23,820	-	25,446
Furniture, machinery and equipment	280,004	65	-	280,069
Accumulated depreciation	(275,516)	(106,219)	-	(381,735)
Work in progress	163,396	-	-	163,396
Deposits with other governments	600	-	-	600
Other assets	12,735	-	-	12,735
Total assets	<u>736,644</u>	<u>457,557</u>	<u>39,148</u>	<u>1,233,349</u>
LIABILITIES				
Accounts payable and other current liabilities	59,844	47	571	60,462
Accrued liabilities	32,376	-	-	32,376
Unearned revenues	435	-	5,808	6,243
Noncurrent liabilities				
Due within one year	1,260	2,290	390	3,940
Due in more than one year	12,334	44,429	3,286	60,049
Total liabilities	<u>106,249</u>	<u>46,766</u>	<u>10,055</u>	<u>163,070</u>
NET ASSETS				
Invested in capital assets, net of related debt	352,318	399,303	-	751,621
Restricted for:				
Expendable	89,692	-	13,664	103,356
Nonexpendable	1,920	-	19,105	21,025
Unrestricted	186,465	11,488	(3,676)	194,277
Total net assets	<u>\$ 630,395</u>	<u>\$ 410,791</u>	<u>\$ 29,093</u>	<u>\$ 1,070,279</u>

The notes to the financial statements are an integral part of this statement.

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2007
(IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
Component units:								
Harborview Medical Center	\$ 570,447	\$ 564,527	\$ 10,174	\$ 9,606	\$ 13,860	\$ -	\$ -	\$ 13,860
WSMLB Stadium	13,623	871	-	-	-	(12,752)	-	(12,752)
Cultural Development Authority	8,883	278	13,921	-	-	-	5,316	5,316
Total component units	<u>\$ 592,953</u>	<u>\$ 565,676</u>	<u>\$ 24,095</u>	<u>\$ 9,606</u>	<u>13,860</u>	<u>(12,752)</u>	<u>5,316</u>	<u>6,424</u>
General revenues								
Interest earnings					9,271	789	2,107	12,167
Change in net assets					23,131	(11,963)	7,423	18,591
Net assets - January 1, 2007					607,264	422,754	21,670	1,051,688
Net assets - December 31, 2007					<u>\$ 630,395</u>	<u>\$ 410,791</u>	<u>\$ 29,093</u>	<u>\$ 1,070,279</u>

The notes to the financial statements are an integral part of this statement.